



Oregon

Theodore R. Kulongoski, Governor

Department of Consumer and Business Services

Workers' Compensation Division

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To: Oregon third-party administrators processing workers' compensation claims for the American International Group (AIG) insurers

Subject: Audit of claims processing activities

Starting July 2008, the Workers' Compensation Division will begin verification audits of claims processing for American International Group (AIG) claims. As part of the department's agreement with AIG, as outlined in the July 5, 2007, Stipulation and Final Order, Case No. INS 07-05-006, AIG has been reporting its claims processing performance to the director each calendar quarter. The stipulation requires that after four quarters of performance data has been reported, the division will conduct an audit to verify the reported performance.

Under the requirements of the stipulation, following AIG's performance report for the calendar quarter ending June 30, 2008, the division will begin the verification audits at each third-party administrator. We will audit claims included in AIG's quarterly samples reported to the division for each of the claims processing categories identified in the Stipulation and Final Order Exhibit A (see Claims Performance Group 1 and Group 2). We will also sample and audit other claims in order to ensure that AIG is meeting acceptable levels of performance in all claims.

The AIG insurers subject to audits are:

- AIG Casualty Company
- AIU Insurance Company
- American Home Assurance Company
- American International Pacific Insurance Company
- American International South Insurance Company
- Commerce and Industry Insurance Company
- Granite State Insurance Company
- Illinois National Insurance Company
- National Union Fire Insurance Company of Pittsburgh, PA
- New Hampshire Insurance Company
- The Insurance Company of the State of Pennsylvania

We will notify you of the audit schedule and the claims we will audit as soon as we have related claim and sampling data from AIG. In order to accommodate the division's audits during the July – September 2008 period, please plan to have appropriate staff and records available. You may review the Stipulation and Final Order and Exhibit A on the department's Web site at http://www.cbs.state.or.us/ins/admin_actions/actions_2007/marketplace_actions.html. If you have questions, please contact Sally Coen, Field Audit Unit manager, 503-947-7687, or e-mail sally.c.coen@state.or.us.

John L. Shilts, Administrator
Workers' Compensation Division